

FISCAL NOTE

Bill #: SB0273 **Title:** Revise state fund board and pay administration
Primary Sponsor: Tester, J **Status:** As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
Proprietary	not yet determined	not yet determined
Revenue:		
Proprietary	\$0	\$0
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. This legislation changes the composition of the Montana State Fund Board of Directors as follows:
 - o Removes the requirement that a majority of the Board of Directors be policyholders of the State Fund.
 - o Reduces the number of voting board members by two and replaces the voting members with two ex officio non-voting members, the Majority Leader of the Senate and the Minority Leader of the Senate.
 - o Reduces policyholder representation on the board to one. Currently, four of the seven voting board members represent State Fund policyholders.
 - o Requires one member representing organized labor; one member representing residents who pay income taxes; one member representing the Department of Administration State Personnel Division; and one member who is a licensed insurance producer offering workers' compensation insurance.
2. The State Personnel Division will be contracted with by the State Fund to conduct a salary survey to determine appropriate salaries of the executive director and management staff. Personnel Division staff have indicated there would be no cost associated with this survey.
3. The Majority Leader of the Senate and the Minority Leader of the Senate will receive compensation as required pursuant to 5-2-301, MCA. The current daily salary for legislators is \$76.80 per day while State Fund board members' per diem is \$50 per day. All other travel reimbursements are expected to remain at current level. The State Fund board meets approximately six times a year so the fiscal impact of this change is estimated to be \$321 in both FY 2004 and FY 2005.

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(continued)

4. The bill states that the State Fund “may not provide benefits in excess of those authorized for other state employees.” The reference to ‘benefits’ is for retirement, health, and other group benefits provided to all state employees. The State Fund will have no fiscal impact resulting from this change during the biennium under this assumption.
5. This bill limits the base salary of the executive director to 125 percent of the salary for a director defined in 2-15-102, MCA, who is appointed by the Governor. The base salary of the Governor-appointed directors is \$83,932 (provided by the Personnel Division). The maximum base salary for the State Fund executive director will be \$104,915.
6. The base salaries for ‘management staff’ may not exceed 125 percent of base salaries for comparable positions in the executive branch. The assumption is ‘management staff’ is considered to be those directly reporting to the executive director.
7. The fiscal impact for the base salaries of management staff has not yet been calculated because the State Personnel Division will conduct a survey for comparable positions to determine the range.
8. The bill will place the executive director position and management staff of the State Fund back under state pay plan requirements and likely reduce salaries of current staff.

FISCAL IMPACT:

Moderate savings have not yet been determined.

LONG-RANGE IMPACTS:

This legislation may impact the ability of the State Fund to attract and retain employees with insurance industry experience.